

Guidance note to EIB promoters

On environmental and social performance
in EIB-financed operations in response
to the COVID-19 outbreak crisis

Annex 2 – Labour

May 2020



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About this guidance note

The COVID-19 crisis is having an unprecedented impact on workers and employment. The main consequences include job insecurity, health risks for workers and a lack of social protection. Governments are constantly updating their regulations to respond to the numerous labour-related challenges that COVID-19 entails. During these uncertain times, EIB promoters are required to continue following labour-related national laws and regulations, as well as **EIB Environmental and Social Standard 8 on Labour Rights**. This guidance note includes recommendations aimed at supporting promoters in managing labour-related challenges during the COVID-19 crisis. Specifically, it focuses on:

1. **Job protection**, including alternatives to retrenchment
2. **Responsible retrenchment**, which should only be considered as a last resort option
3. **Vulnerable workers**, i.e. workers that may be disproportionately affected by the COVID-19 crisis
4. **Working conditions**, for those that continue working during the emergency

Each section includes an overview of the issues and recommendations relevant to decision-making, which apply to the whole workforce, including not just formal employees of a company but also contract labour, migrant workers, seasonal workers, and day labourers. EIB promoters may consider sharing this note internally and with contractors working on EIB-supported projects.

1. Job protection

Many promoters are facing operational challenges due to social distancing restrictions, government shutdown of specific sectors, supply chain interruptions, cancellation of orders, etc. The number of working hours lost can create important liquidity and financial strains that may incline promoters to lay-off some of its staff. Some governments have put in place measures either prohibiting or limiting such dismissals or guaranteeing the co-payment of the salaries for temporary collective dismissals.

Under these circumstances, the promoter may carry out an analysis of alternatives and assess if there are ways to restructure, redeploy or retrain the workforce to meet alternative requirements and skills. The promoter should take into account the fact that the impact of the virus is reducing and the economic shock may be time limited. It is therefore important for companies to retain skills and experience, and be able to respond effectively when demand recovers. Rehiring and retraining workers may result in additional costs for the promoter after the crisis.

In light of the above, the following alternatives to retrenchment may be considered:

- considering government support, which can include grants and tax relief if workers are retained;
- transferring employees to other parts of the business;
- encouraging workers to take on emergency-preparedness responsibilities if they have the necessary skills;
- consulting with workers and their representatives to understand if workers may be willing to consider alternatives such as:
 - changes to work schedule (e.g. from full time to part time);
 - temporary wage reductions;
 - job-sharing arrangements (where two or more workers share the same job for a limited period of time);
 - voluntary/unpaid leave.

Further measures may help promoters in conducting a fruitful discussion with employees, including:

- establishing a human resources focal point;
- promoting regular communication in order to minimise confusion, enhance trust and provide reassurance to the workforce.

2. Responsible retrenchment

If all alternatives have been carefully considered and retrenchment (or collective dismissal) is unavoidable, the promoter should consider national laws and regulations as well as EIB E&S Standard 8, which requires the following conditions for retrenchment:

- must be in line with the principles of **non-discrimination and equality** for all and recognises that in some cases certain individuals or groups are systematically discriminated against or excluded on the basis of their socioeconomic characteristics. Such characteristics include, but are not limited to: ethnicity, race, religion, sex, sexual orientation, gender identity, caste, descent, age, disability, HIV status, migrant status, language or where they live;
- must include **consultation** of all relevant stakeholders. Promoters are to give sufficient notice and to consult the workers and workers representatives when there is no other option. The way in which consultations are performed should be sensitive to the health risks posed by COVID-19 and consider alternative and innovative ways of undertaking such consultations, avoiding face-to-face meetings;
- the promoter should maintain **regular and open communication** so as to avoid misunderstandings, build trust and provide reassurance in these uncertain times;

- the promoter will develop and implement a **collective dismissal plan** to assess, reduce and mitigate adverse impacts on workers. This plan shall be developed in compliance with national law requirements and any pre-existing collective agreements, if any;
- a **grievance mechanism** must be implemented in order for workers to raise complaints about how the process has been conducted;
- promoters should make sure that **all outstanding pay**, social security benefits, and pension contributions and benefits are provided to workers affected by retrenchment in a timely manner.

Promoters planning a collective dismissal should immediately notify the Bank and provide relevant information to prove compliance with the aforementioned EIB Environmental and Social Standard 8.

Promoters should aim at a gender-neutral impact in collective dismissal. When business operations scale up again, the promoter should consider rehiring workers who were laid off.

Useful links

EIB Environmental and Social Standards

Vulnerable workers

Specific attention should be given to vulnerable workers, for example workers that are particularly vulnerable to income shocks and will be disproportionately affected by the COVID-19 crisis.

| Potentially vulnerable workers | Factors | Suggested mitigation measures |
|--|---|--|
| Temporary, seasonal or informal workers | <ul style="list-style-type: none"> • Job insecurity • Lack of social protection (including paid or sick leave mechanisms) • Difficulties in applying for alternative employment | <ul style="list-style-type: none"> • Consider transferring employees to other parts of the business • Offering minimal in-kind benefits (e.g. vouchers, accommodation) |
| Migrant workers | <ul style="list-style-type: none"> • High reliance on employer, including visa and potentially worker accommodation • Difficulties in reaching their home countries • Lack of social protection • High risk of workers violating immigration laws of the host country due to international travel restrictions • Language barriers in accessing health and other essential information | <ul style="list-style-type: none"> • Allow the employee to remain in their worker accommodation for a certain period of time and/or receive minimal in-kind benefits (e.g. vouchers, accommodation, visa extension) • Offer payment allowing the worker to reach their home country • Provide all information in an accessible and culturally appropriate manner. |
| Workers with underlying health issues, older workers and workers with disabilities | Risk of developing serious health issues due to COVID-19 | Explore flexible working arrangements and enhance social distancing measures wherever possible |
| Women (gender considerations) | <ul style="list-style-type: none"> • Limited access to social protection | <ul style="list-style-type: none"> • Assess and consider any potential differentiated |

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| | <ul style="list-style-type: none"> • Disproportionate exposure to health risks due to occupational segregation and their over-representation in the care and health sectors • Increased child or elders care responsibilities • Pregnant women considered more at risk • Increased risk of sexual harassment, exploitation and abuse, including domestic and intimate partner violence due to forced-coexistence | <p>impact of collective dismissals and mass retrenchments on women and men in the workforce and minimise any potential gender biases</p> <ul style="list-style-type: none"> • Help to direct employees to needed services, including domestic violence hotlines • Request that pregnant women take all preventive measures (including flexible working arrangements) to avoid infection |
|--|--|---|

The EIB further recommends engaging with national and/or international frameworks (including UN, WHO and IOM) to unlock financing for additional resources for vulnerable workers and temporary shelter facilities where needed.

Useful links

[2X Challenge and Gender Finance Collaborative Response to the COVID-19 Pandemic](#)

3. Working conditions

Whilst avoiding collective dismissals and ensuring the health and safety of the facilities, promoters should consider if staff can continue undertaking the work in view of travel/movement restrictions (e.g. curfews, lack of public transport, stay-at-home requirements by national/regional/local authorities, etc.), family circumstances (e.g. care for children in view of closure of childcare facilities and schools, etc.). The employer should inform workers of any change to working conditions such as worktime reorganisation, leave and benefits entitlements, accommodation/food subsidies, wages, unemployment entitlements, etc.

The promoter may consider additional supporting measures to their staff:

- ensuring that procedures and technology is available for workers to continue to provide quality work by working from home;
- providing temporary coverage of rents/mortgage costs for workers facing reduced salaries
- facilitating the provision of food for workers facing reduced salaries;
- supporting workers facing childcare needs due to the closure of day-care and schools by allowing flexible working arrangements, facilitating paid family and emergency leave;
- implementing the necessary measures to ensure the health and safety of its workers (see the [guidance note on health and safety](#) for further details).

Additional guidance

- [ILO Standards and COVID-19 FAQ](#)
- [ILO/UNICEF New Guidance to help employers support families during COVID-19](#)

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